conditional acceptance as was in the case of *Von Hatzfeldt Wildenburg* v *Alexander*[5] could not be considered a complete contract. Similarly in the case of *Low Kar Yit* v *Mohd Isa & Anor*,[6] the option given to one Mohd Yusuff to sell the land was subject to conditions, namely: (a) that the option was to be exercised in a certain manner; (b) a form of contract had to be drawn and agreed upon by the plaintiff and the defendant; and (c) the approval of the sale and of the said contract by the High Court at Kuala Lumpur. Mohd Yusuff duly exercised the option but the second defendant (one of the administrators of the deceased estate) refused to execute the said contract. It was quite clear in this case that the agreement and the execution of the contract by both parties was an essential condition to the option. It may be observed here that the option was given to a third party and its purpose was primarily to pave the way for the parties to negotiate the terms of the sale agreement. In *Tai Tong Realty Co (Pte) Ltd* v *Galstaun & Anor*,[7] the appellants were given an option to purchase the respondent's property. It was a written option and the first of the terms stated that 'the sale is subject to contract'. It was a matter of construing the intention of the parties from the documents and letters relied on. In this case the court came to the conclusion that there was no binding contract to sell the property. Also in the case of *Yap Eng Thong & Anor* v *Faber Union Ltd*,[8] the terms of the agreement and the facts of the case themselves could not come in aid of the plaintiffs' claim for damages for any breach of contract by the defendants. The said agreement was signed by the plaintiffs on 21 July 1969 for the purchase of a semi-detached bungalow at the price of $57,500 and option money of $500 was paid on the conditions that:

(a) within six weeks from the date hereof the plaintiffs shall sign an agreement of sale with the owners, and send the same together with the payment to the owners' solicitors...;

(b) for failing to comply with the requirement in (a) the owners would be at liberty to sell the said property to any prospective buyer without notice to the plaintiffs in which case the option money of $500 already paid would be forfeited.

The plaintiffs did not sign the agreement of sale neither did they send the same to the solicitors of the owners within six weeks as required. Time was of the essence of this agreement of 21 July 1969 and the owners accordingly became entitled to sell the property without notice to the plaintiffs. The owners exercised that power and called off the sale on 12 November 1969 because of the failure of the plaintiffs to sign the agreement. The court held that those facts alone were sufficient to defeat the plaintiffs' claim. From the evidence there was no doubt that the plaintiffs had agreed to sign the agreement but there was in fact a dispute as to what the agreement of sale should contain. Also when material conditions are still being negotiated, no binding contract has been made notwithstanding the fact that a willing and able purchaser have been introduced to the vendor: *Koh Peng Moh* v *Yahiya*.[9] If the evidence shows that the parties do not intend to be immediately bound and only negotiations take place from beginning to end, there will be no binding contract between them: *MN Guha Majumder* v *RE Donough*.[10] In the present case before me all the essential conditions were clearly set out in the document of 23 July 1987 to which both parties had agreed and put down their signatures. The option or deposit, being one of the conditions, had been paid and properly received. There was nothing more to be said. It was a complete agreement in itself. I therefore found in favour of the plaintiff and dismissed both the defendant's appeals with costs.

Appeals dismissed.

Solicitors: *Jackson & Masacorale*; *J Nadchatiram*.

Reported by *Ng Sheau Jiuan*

Tohtonku Sdn Bhd v Superace (M) Sdn Bhd

HIGH COURT (PENANG) – SUIT NO 32-48-88
WAN ADNAN J
3 FEBRUARY 1989

Trade Marks – Registered proprietor of trade mark – Application for order of infringement granted ex parte – Whether intervener's mark so nearly resembles the applicant's trade mark as to be likely to deceive or cause confusion – Trade Description Act 1972, s 16 – Trade Marks Act 1976, ss 35 & 38

Civil Procedure – Ex parte order of infringement obtained pursuant to Trade Description Act 1972 – Application by intervener to set aside order – Whether intervener had locus standi to intervene – What constitutes 'interest' sufficient for intervention – Whether a perfected order can be reviewed – Rules of the High Court 1980, O 15 r 6(2)(b)(ii)

The applicant obtained an ex parte order pursuant to s 16 of the Trade Description Act 1972 declaring that the intervener's trade mark was in infringement of the applicant's rights in respect of its registered trade mark.

An application was made by the intervener to set aside, rescind or vary the ex parte order of court. The applicant raised two preliminary objections at the hearing of the intervener's application: (i) that the intervener had no locus standi as it had no interest in the matter at all and that a mere commercial interest was not sufficient, and (ii) that as the order of court had been perfected the court could not review it any longer and the intervener could only proceed by way of a separate action.

Held, granting the intervener's application:

(1) A person who wants to intervene must show that he has some interest which is directly related to the subject matter of the action. A mere commercial interest in the outcome is not enough; he must have rights or liabilities in respect of the subject matter of the action which will be directly affected by any order of court in the action. In this situation the court should allow him to be heard to prevent injustice being done.

(2) In this case, the 'subject matter' before the court was whether or not the rights of the applicant in respect of its trade mark 'MISTER' had been infringed by the intervener's use of its mark, 'SISTER'. As any finding of the court on this will directly affect the intervener, the intervener as a distributor has a direct interest in the matter.

(3) An ex parte order is always subject to a provisional order which is always reviewable and liable to be set aside by the court on the application of any person who is affected by the order.

(4) Under s 38 of the Trade Marks Act 1976, a registered trade mark is infringed by a person who uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods in respect of which the trade mark is registered, in such a manner as to render the use of the mark likely to be taken as being used as a trade mark, and the question of resemblance and the likelihood of deception are to be considered by reference not only to the whole mark but also to its distinguishing or essential feature.

(5) In the present case, there was no similarity between the two words 'MISTER' and 'SISTER' as to be likely to cause deception or confusion. This was because the words used and the get-up of such product were different. Hence, the applicant's rights in respect of the trademark 'MISTER' were not being infringed and the applicant was not entitled to the order under s 16(1)(a) of the Trade Description Act 1972.

[*Editorial Note*: The applicant has appealed to the Supreme Court vide Civil Appeal No 02-63 of 1989.]

Cases referred to

1 *Sanders Lead Co Inc* v *Entores Metal Brokers Ltd* [1984] 1 All ER 857 (folld)
2 *Pegang Mining Co Ltd* v *Choong Sam & Ors* [1969] 2 MLJ 52 (folld)
3 *Eh Riyid* v *Eh Tek* [1976] 1 MLJ 262 (folld)
4 *Socooil Corporation Bhd* v *Ng Foo Chong & Anor* [1981] 2 MLJ 7 (refd)
5 *Saville Perfumery Ltd* v *June Perfect Ltd and FW Woolworth & Co Ltd* (1941) 58 RPC 147 (HL) (folld)

Legislation referred to

Rules of the High Court O 15 r 6(2)(b)(ii)
Trade Description Act 1972 s 16
Trade Marks Act 1976 ss 35, 38

Peter Huang and *Tan Beng Hong* for the applicant.
Choy Kam Lee and *Lai Kok Cheow* for the intervener

Cur Adv Vult

Wan Adnan J: The applicant, Tohtonku Sdn Bhd, is the registered proprietor of the trade mark 'MISTER'. By the notice of motion in Originating Motion No 32-48-1988 the applicant had applied for an order pursuant to s 16 of the Trade Description Act 1972. The application was made and heard ex parte. The order in terms of the application was granted on 5 October 1988.

By the summons dated 7 December 1988 Superace (M) Sdn Bhd, the intervener, had applied to the court for the following orders:

1 Leave of this honourable court be granted to the intervener to intervene in this action and that the intervener be the respondent in this motion.

2 The order obtained on 5 October 1988 be set aside, rescinded or varied as this honourable court deems fit and proper.

3 That an injunction be granted against the applicant, its agents, servants or otherwise from harassing, interfering, obstructing or restraining the intervener and its customers from exercising its rights and freedom of trade or business.

4 The applicant pay damages to the intervener and the assessment of damages be taken from the Senior Assistant Registrar or as directed by this honourable court.

5 The applicant pay costs.

6 Such further or other order as this honourable court deems fit and proper.

(Note: Prayers (3) and (4) were withdrawn during the hearing of the application)

Counsel for the applicant raised a preliminary objection at the hearing of the application. It was contended that the intending intervener had no locus standi. They had no interest in the matter at all and should not be allowed to be heard. A mere commercial interest was not sufficient. It was contended that as the order of the court had been perfected the court could not review it any longer. The intervener could only proceed by way of a separate action.

The application for leave to intervene is made under O 15 r 6(2)(b)(ii) of the Rules of the High Court which states as follows:

> At any stage of the proceedings in any cause or matter the Court may on such terms as it thinks just and either of its own motion or on application –
>
> (a) ...
> (b) order any of the following persons to be added as a party, namely,
>
> ...
>
> (ii) any person between whom and any party to the cause or matter there may exist a question or issue arising out of or relating to or connected with any relief or remedy claimed in the cause or matter which in the opinion of the Court it would be just and convenient to determine as between him and that party as well as between the parties to the cause or matter.

This rule is in para materia with O 15 r 6(2)(b)(ii) of the English Rules of the Supreme Court. In *Sanders Lead Co Inc* v *Entores Metal Brokers Ltd*[1] Kerr LJ said of the rule as follows:

> In my view the rule requires some interest in the would-be intervener which is in some way directly related to the subject matter of the action. A mere commercial interest in its outcome, divorced from the subject matter of the action is not enough. It may be impossible, and would in any event be undesirable, to attempt to categorise the situations in which the interests of the would-be interveners are sufficient

to satisfy the requirements of the rule. The authorities show that the existence of a cause of action between the intervener and one of the parties is not a necessary prerequisite for this purpose. But they also go no further than to show that there must be some direct interest in the subject matter, such as an alleged infringement of a patent, trade mark or copyright with which the intervener is concerned.

In *Pegang Mining Co Ltd* v *Choong Sam & Ors*[2] the Privy Council had occasion to consider O 16 r 11 of the Rules of the Supreme Court 1957 which is in substantially the same terms as the present O 15 r 6(2)(b)(ii). Lord Diplock said:

> It has been sometimes said ... that a party may be added if his legal interests will be affected by the judgment in the action but not if his commercial interests only would be affected. While their Lordships agree that the mere fact that a person is likely to be better off financially if a case is decided one way rather than another is not a sufficient ground to entitle him to be added as a party, they do not find the dichotomy between 'legal' and 'commercial' interests helpful. A better way of expressing the test is: will his rights against or liabilities to any party to the action in respect of the subject matter of the action be directly affected by any order which may be made in the action?

It was also stated in that case that:

> one of the principal objects of the rule is to enable the court to prevent injustice being done to a person whose rights will be affected by its judgment by proceeding to adjudicate upon the matter in dispute in the action without his being given an opportunity of being heard.

This principle was followed by the Federal Court in *Eh Riyid* v *Eh Tek*.[3]

It is therefore clear that a person who wants to intervene must show that he has some interest which is directly related to the subject matter of the action. A mere commercial interest in the outcome is not enough. He will be allowed to intervene if his rights or liabilities in respect of the subject matter of the action will be directly affected by any order of the court in the action. To prevent injustice being done the court should allow a person whose rights will be affected by its judgment an opportunity of being heard.

The intended intervener is the sole distributor of condoms 'SISTER 003'. The applicant in their application for the order under s 16 of the Trade Description Act 1972 had alleged that they were the registered proprietor of the trade mark 'MISTER' and that their rights in respect thereof were being infringed. To prove the alleged infringement a photocopy of the alleged infringing product was exhibited as exh LHT 7 to the affidavit of Lim Hooi Teik, the assistant managing director of the applicant. At the hearing of the application, counsel for the applicant tendered as exhibits the applicant's product and the alleged infringing product. They were marked as P1 and P2 respectively. What was shown in exh LHT 7 and P2 was the intervener's product. The allegation of the applicant was in effect that it was the intervener's product using the mark 'SISTER' that had infringed their rights in respect of the trade mark 'MISTER'. The 'subject matter' before the court was therefore whether or not the rights of the applicant in respect of the trade mark 'MISTER' had been infringed by the intervener's use of the mark 'SISTER'. The intervener as the distributor certainly has direct interest in the matter. Any finding of the court in the matter will directly affect the intervener.

I therefore held that the intervener has satisfied the requirements of O 15 r 6(2)(b)(ii) and therefore should be allowed to intervene.

The other point raised in the preliminary objection was that the court could no longer review its order because the order had been perfected. The order of the court was given ex parte. An ex parte order is always a provisional order which is always liable to be set aside by the court on the application of any person who is affected by the order.

In the Supreme Court case of *Socooil Corporation Bhd* v *Ng Foo Chong & Anor*,[4] the position was the same as in the present case. An ex parte order was made under s 16 of the Trade Descriptions Act 1972. An application to discharge the order was entertained. No objection was raised in that case and therefore the case cannot be regarded as an authority that the court can review its own ex parte order made under s 16 of the Trade Description Act 1972 after it has been perfected. Nevertheless it does give some guidance. I am of the view that the court can review the ex parte order.

For the above reasons I rejected the preliminary objection and granted leave to intervene. I now come to the merits of the application proper. This is an application by the intervener, Superace (M) Sdn Bhd, to set aside the order of the court made ex parte on 5 October 1988. The order was made on the application of the applicant under s 16(1)(a) of the Trade Description Act 1972. The applicant had alleged that their rights to their trade mark were being infringed in the course of trade.

The applicant is the proprietor of the trade mark 'MISTER' used in relation to condoms and had manufactured and/or distributed condoms under the name of 'MISTER 003', 'MISTER 002', 'MISTER CONTOUR', 'MISTER dotted' and 'MISTER Sweet Rider'. The applicant alleged that in May 1988 there were found in the open market condoms bearing the mark 'SISTER 003' and alleged that the use of the mark 'SISTER' had infringed their registered trade mark 'MISTER'.

Under s 35 of the Trade Marks Act 1976 the registration of a person as registered proprietor of a mark in respect of any goods shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods.

Section 16(1)(a) of the Trade Description Act states as follows:

> 16 (1) Where any person being a proprietor or registered user of a registered trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established –
>
> (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
>
> (b) ...
>
> the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up as the case may be is for the purposes of this Act a false trade description in its application to such goods as may be specified in the order.

The written law referred to in the above section is the Trade Marks Act 1976. Under s 38 of the Act a registered trade mark is infringed by a person who uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken as being used as a trade mark.

The question is therefore whether the mark 'SISTER' used by the intervener so nearly resembles the applicant's trademark 'MISTER' as to be likely to deceive or cause confusion. In *Saville Perfumery Ltd* v *June Perfect Ltd and FW Woolworth & Co Ltd* [5] the following test of infringement was approved:

> Infringement is the use by the defendant for trade purposes upon or in connection with goods of the kind of which the plaintiff's right to exclusive use exists, not being the goods of the plaintiff, of a mark identical with the plaintiff's mark or comprising some of its essential features, or colourably resembling it so as to be calculated to cause goods to be taken by ordinary purchasers for the goods of the plaintiff.

The question of resemblance and the likelihood of deception are to be considered by reference not only to the whole mark but also to its distinguishing or essential features.

In this case there are two features of the two marks which are similar, namely, red in colour and split in wording. But there is no close similarity between the two words 'MISTER' and 'SISTER' as to be likely to cause deception or confusion. The words are different. There is similarity in the second syllable but as a whole the similarity is not close enough as to be likely to cause deception or confusion. Further, the get-up of the intervener's product is green background colour with the picture of a lady whereas the get-up of the applicant's product is white-blue-grey background colour with the picture of a lady and a man.

Applying the above test and considering the appearance of the two marks together with their features I find that it is not likely that ordinary purchasers would be deceived into regarding the intervener's product to be the product of the applicant. I therefore find that the applicant's rights in respect of the trademark 'MISTER' are not being infringed and therefore the applicant is not entitled to the order under s 16(1)(a) of the Trade Description Act 1972. I therefore set aside the order made on 5 October 1988. I also ordered the applicant to pay the costs.

Order accordingly.

Solicitor: *Peter Huang & Associates*; *KC Lai & Co.*

Reported by *Yap Shao Sin*

Kwong Yik Bank Bhd v Transbuilder Sdn Bhd & Ors

HIGH COURT (KUALA LUMPUR) – CIVIL SUIT NO C717 OF 1983
SHANKAR J
25 FEBRUARY 1988

Banking – Guarantee – Whether prior demand a condition precedent to guarantor's liability – Whether creditor entitled to judgment for more than limit of overdraft facility – Mere filing and service of writ is sufficient demand on guarantor to pay – Letter of guarantee made each guarantor a principal debtor

The plaintiffs were bankers and the first defendant was a company which was in the business of housing construction. The second, third, fourth and fifth defendants were directors of the company. The company applied, and was granted, an overdraft facility by the plaintiffs to a limit of $100,000 with interest at 15% pa with monthly rests. The overdraft facility was secured by a joint and several guarantee of the second, third, fourth and fifth defendants.

The company defaulted in its obligations and on 18 December 1982, by an AR registered letter, the plaintiffs gave notice to the company that it required the balance and outstanding interest to be settled within seven days and that if the demand was not complied with they would be proceeding with legal action against the company and the other defendants. Carbon copies of this letter were sent to each of the other defendants. All the defendants ignored this notice. Eventually, a judgment in default of appearance was obtained by the plaintiffs against the first defendant company and the second, fourth and fifth defendants. Against the third defendant, the plaintiffs obtained summary judgment and the third defendant appealed to the High Court. In this appeal, counsel for the third defendant contended that: (a) before a guarantor's liability could be said to arise, a clear and unequivocal demand must be made setting out the exact sum which has to be paid; (b) there was no cause of action because no proper demand had been made. In this regard, it was submitted that the plaintiffs' letter of 18